

14 DEC 1959

MEMORANDUM FOR: Deputy Director (Intelligence)

SUBJECT: Dissemination of an Unclassified Economic Intelligence Report, "The Economy of Communist China" to the Academic Community

1. It is proposed to disseminate the subject unclassified ORR report to interested scholars in the academic community. This memorandum requests your authorization to undertake such dissemination.

2. The report describes economic developments in Communist China in 1958, the first year of the "leap forward" program, against the background of the Regime's dissatisfaction with progress up to that time. It describes the changes in economic policy embodied in the "leap forward" program and discusses developments which took place within the program up to late 1959. It considers the problems which have been generated out of the forced pace of the program. It also deals with the Communes, including a brief description of their organization, their relationship to the "leap forward" program together with the problems they have created and their near term prospects for the future. The report concludes with an examination of mainland Chinese economic prospects through 1962, including an assessment of the impact of the "leap forward" program on near term economic prospects and factors for and against the continuation of the "leap forward" program.

3. The report is based on unclassified sources, drawing heavily on the Chinese press and on Chinese radio broadcasts and official pronouncements; it also employs published information reported by foreign travellers and unclassified reports of other agencies of the US Government.

4. We believe that the dissemination of this report would be in the net interest of the Agency and the government. While a number of American scholars are pursuing various research interests vis-a-vis contemporary Communist China, these individual efforts up to the

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present time have been piecemeal and necessarily limited in scope. This broad survey throws into perspective an otherwise bewildering range of inter-related developments. It also discusses the changing reliability of Chinese statistics in the past decade, offering a badly needed note of caution to the unwary. In short it represents a contribution to understanding that no individual scholar could be expected to make. It is a job which only a major research center such as ORR could successfully tackle. Two principal benefits can be expected to result from the proposed dissemination. We anticipate, first, that it will serve as a major base-line of understanding and that it will improve the focus of individual research work now under way or planned. Second, we feel that significant additional research of value to the government may be stimulated on many of the problems in the Chinese scene which, as the report is frank to admit, call for further digging and analysis.

5. Finally, as a by-product of such dissemination, we feel the report will stimulate heightened interest among graduate students in CIA professional career possibilities. We in ORR feel that the report is a good one, one which will reflect credit upon the professional competence of the people who participated in its preparation and on the quality of the work we are doing.

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OTTO E. GUTHE
Assistant Director
Research and Reports

Enclosure:

"The Economy of Communist China,"
CIA/RR 59-43, November 1959

Distribution:

Orig. & 1 - Addressee
2 - AD/RR
2 - Ch/E
1 - St/P/C

APPROVED:

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Deputy Director/Intelligence

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ORIGINAL DOCUMENT MISSING PAGE(S):

No Enclosure Included